

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

HYNIX SEMICONDUCTOR INC., HYNIX  
SEMICONDUCTOR AMERICA INC.,  
HYNIX SEMICONDUCTOR U.K. LTD., and  
HYNIX SEMICONDUCTOR  
DEUTSCHLAND GmbH,

Plaintiffs,

v.

RAMBUS INC.

Defendant.

No. C-00-20905 RMW

ORDER ON MOTION FOR NEW TRIAL  
OR PERMISSION TO APPEAL

Hynix moves for a new trial on the bifurcated unclean hands defense it asserted, or, in the alternative, for permission to file an interlocutory appeal of the court's determination that the unclean hands defense fails. The court hereby denies both motions.

Hynix's moving papers distort the findings of fact and conclusions of law made by the court. For example, Hynix asserts that the court erroneously applied a "reasonably probable" standard for defining when a firm has a duty to preserve documents relative to potential future litigation rather than a "reasonably foreseeable" standard. Hynix alleges that the "reasonably foreseeable" standard is the correct one and an easier one to meet than the "reasonably probable" standard. A reading of the court's Findings and

1 Conclusions, however, shows that the court specifically framed the issues to be resolved  
2 using the “reasonably foreseeable” standard.

3 The primary question before the court is whether Rambus adopted and  
4 implemented its document policy in advance of *reasonably foreseeable*  
\* \* \*

5 The questions are. . . when litigation by Rambus was *reasonably foreseeable*  
6 and when a duty to preserve evidence arose.”

7 Findings of Fact & Conclusion of Law (“F&C”) at 32:6-8;12-15 (emphasis added).

8 The court did use the term “reasonably probable” litigation when it cited the  
9 American Bar Association’s Civil Discovery Standard No. 10 which reads that “[w]hen a  
10 lawyer who has been retained to handle a matter learns that litigation is probable or has  
11 been commenced, the lawyer should inform the client of its duty to preserve potentially  
12 relevant documents . . . .” ABA Section of Litigation, Civil Discovery Standards, August  
13 1999, Standard No. 10. The comments to this standard clarify that the “probable” language  
14 means that litigation must be more than a possibility. F&C at 33:2-6.

15 Since “reasonably probable” as used in Standard 10 means “reasonably more than a  
16 possibility,” there is no significant distinction between the terms “reasonably probable” and  
17 “reasonably foreseeable” and the court did not intend the terms to have different meanings.  
18 Even if “reasonably foreseeable” were deemed an easier standard to meet, the court’s  
19 findings would nevertheless support the conclusion that specific litigation became  
20 “reasonably foreseeable” shortly before the “beauty contest” in late 1999 from which  
21 litigation counsel for the Hitachi matter was selected. F&C at 37:4-7.

22 Hynix in its brief sounds the dire warning:

23 This [court’s] decision sets a precedent disastrous to the integrity of the  
24 judicial process, the standards of the legal profession, and the fair  
25 adjudication of patent cases. It amounts to an invitation - if not a mandate -  
for patent holders to destroy compromising evidence as a part of their  
preparation to assert patent claims against unsuspecting targets, and it  
maximizes the risk of erroneous decisions.

26 Hynix Brief in Support of Motion for New Trial p.1:4-10. The court’s decision provides no  
27 basis for such hyperbole. The court specifically stated following its conclusion that Rambus  
28 did not engage in spoliation:

1 This conclusion does not mean that a party can destroy documents with  
2 impunity prior to contemplation of actual litigation. The implementation of a  
3 document retention policy that was intentionally designed to discard  
damaging documents should litigation later become probable or actually  
commence would be improper.

4 F&C at 38:9-13.

5 Hynix also complains that the court erroneously placed the burden of proving  
6 prejudice on Hynix. Since the court found no spoliation, placing the burden of showing  
7 prejudice on Hynix was proper. *See, e.g., Pfizer v. International Rectifier Corp.*, 545  
8 F.Supp 486, 537 (C.D. Cal. 1980). Nevertheless, the court specifically noted that:

9 Further, if spoliation is shown, the burden of proof logically shifts to the guilty  
10 party to show that no prejudice resulted from the spoliation. The reason is  
11 that it is in a much better position to show what was destroyed and should not  
be able to benefit from its wrongdoing.

12 F&C 31:7-9. The court then found that Rambus did establish that adequate similar and  
13 material documents to those that may have been destroyed were available and produced.  
14 F&C 42:10-13.

15 For the above and other reasons, the court denies the motion for new trial.

16 In addition, the court does not find justification for an interlocutory appeal. The court  
17 recognizes that it reached a different conclusion than Judge Payne rendered in the *Infineon*  
18 litigation and that this difference may result in some unfair disparity between licensing costs  
19 of Infineon and those of other DRAM manufacturers. However, that is not a basis for an  
20 interlocutory appeal. Hynix's disagreement appears, in reality, to be with this court's  
21 Findings of Fact and how it applied those facts to the applicable legal standards, rather  
22 than with the actual legal standards. It does not appear that there are substantial grounds  
23 for a difference of opinion as to the legal standards applicable to an unclean hands  
24 defense. The motion for an interlocutory appeal is denied.

25 Dated: 2/23/06

26 /s/ Ronald M. Whyte  
27 RONALD M. WHYTE  
28 United States District Judge

1 **THIS SHALL CERTIFY THAT A COPY OF THIS ORDER WAS PROVIDED TO:**

2 **Counsel for plaintiff:**

3 Daniel J. Furniss  
Theodore G. Brown, III  
4 Jordan Trent Jones  
Townsend & Townsend & Crew LLP  
5 379 Lytton Ave  
Palo Alto, CA 94301

6 Patrick Lynch  
7 Kenneth R. O'Rourke  
O'Melveny & Myers  
8 400 So Hope St Ste 1060  
Los Angeles, CA 90071-2899

9 Kenneth L. Nissly  
10 Susan van Keulen  
Geoffrey H. Yost  
11 Thelen Reid & Priest LLP  
225 West Santa Clara Street,  
12 12th Floor  
San Jose, CA 95113-1723

13 **Counsel for defendant:**

14 Gregory Stone  
15 Kelly M. Klaus  
Catherine Augustson  
16 Munger Tolles & Olson  
355 So Grand Ave Ste 3500  
17 Los Angeles, CA 90071-1560

18 Peter A. Detre  
Carolyn Hoecker Luedtke  
19 Munger Tolles & Olson  
560 Mission Street  
20 27th Floor  
San Francisco, CA 94105-2907

21 Peter I Ostroff  
22 Rollin A. Ransom  
Michelle B. Goodman  
23 V. Bryan Medlock, Jr.  
Sidley Austin Brown & Wood  
24 555 West Fifth Street, Suite 4000  
Los Angeles, CA 90013-1010

25 Jeannine Yoo Sano  
26 Pierre J. Hubert  
Dewey Ballantine  
27 1950 University Avenue, Suite 500  
East Palo Alto, CA 94303

28